



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

June 5, 2009

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To: Supervisor Don Knabe, Chairman  
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Supervisor Zev Yaroslavsky  
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From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

## **SACRAMENTO UPDATE**

This memorandum contains **an update on two May Revision reduction proposals and the impact of the May Revision on the County**; a summary of the Budget Conference Committee's hearing on public safety, resources and the courts; a pursuit of a County position on one bill related to modification of the current asset or income eligibility limits for CalWORKs; and the status of County-advocacy legislation.

### **Additional May Revision Budget Proposals Update**

**Child Welfare Services (CWS).** As reported in the May 15, 2009 Sacramento Update, the Administration proposed a 10 percent reduction in County funding for CWS Administration. Based on the limited information available at that time, the Department of Children and Family Services (DCFS) estimated a loss of \$19.6 million in State revenue to the County with no impact on Federal revenue.

On May 28, 2009, the California Department of Social Services (CDSS) released estimate tables detailing the 10 percent reduction, which DCFS estimates would result in an annual County loss of \$14.3 million. DCFS and this office note that the proposed reduction is in violation of the existing Title-IV Waiver Memorandum of Understanding, which protects the County from incurring losses. However, Administration officials have indicated to DCFS that the reduction will be made to all counties regardless of the Waiver. County Counsel is exploring the County's legal options regarding this proposal.

*"To Enrich Lives Through Effective And Caring Service"*

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**Provider Rates.** The May 15, 2009 Sacramento Update reported that the May Revision proposed a 10 percent reduction to provider rates for Group Home, Foster Family Agency, and Specialized Care and Clothing Allowances. At the time the proposal was released, the State advised DCFS that this proposal would not apply to Waiver counties. However, based on the CDSS estimate tables released on May 28, 2009, DCFS has determined that the reduction would apply to both Waiver and non-Waiver counties and it estimates that the provider rate reduction would result in an annual savings of \$8.9 million to Waiver programs, and an annual net County cost savings of \$4.5 million for non-Waiver programs, totaling \$13.4 million in savings.

**The net impact of these changes is to reduce estimated County losses by \$18.7 million from \$1.488 billion to \$1.469 billion. Please see the attachment.**

#### **Budget Conference Committee Update**

On June 2, 2009, the Budget Conference Committee heard public testimony on the Governor's May Revision proposals affecting public safety, resources, and the courts. Hundreds of people urged the conferees to reject these reductions because they will not result in savings to the State.

Among the May Revision proposals for public safety is a change in sentencing options which would save the State approximately \$100 million by making specific crimes that can be treated as either felonies or misdemeanors, known as "wobblers," punishable by jail and/or probation rather than State prison. Assembly Member Jim Nielsen indicated that this proposal would only shift the problem to local jails, which are already overcrowded, and he suggested that the Legislative Analyst's Office, along with cities and counties, recommend ideas for mandate relief.

The Governor also proposes to close 200 of the State's 279 parks and beaches, which would save an estimated \$213 million over the next two years. A number of park directors and docents urged this proposal be rejected because it will hurt California's tourism industry and adjacent businesses which benefit from those visiting State Parks. Further, the State and local governments would lose employment and sales tax revenues if businesses ultimately close their doors.

#### **Pursuit of County Position on Legislation**

**AB 1058 (Beall)**, as amended on June 1, 2009, would exempt motor vehicles from the CalWORKs eligibility asset test, eliminate the asset limits for CalWORKs recipients, and allow CalWORKs applicants to retain savings of up to \$2,000 with annual adjustments based on changes in the California Needs Index. Current law restricts the amount of liquid

assets for CalWORKs applicants and recipients to \$2,000 and limits the exempt value of a vehicle a CalWORKs family may own to no more than \$4,650.

According to the New America Foundation, the sponsor of AB 1058, "for families making the difficult transition from welfare-to-work, developing assets is critical to achieving true economic independence. In order to prevent a complete backslide to public assistance, low-income working families must begin to develop their own safety nets through personal savings." The sponsor of the bill also notes that California has a more restrictive vehicle asset limit than 47 other states and cite a 2000 study on transportation conducted by the University of California Los Angeles for Los Angeles County which found that, "car ownership is strongly correlated with employment status, and increases the likelihood of employment."

The Department of Public Social Services (DPSS) indicates that AB 1058 would allow a working family currently receiving CalWORKs to accumulate assets and personal savings to gain economic independence and to prevent the family's return to public assistance in the event of an economic downturn. In addition, the bill would allow families applying for CalWORKs, who are experiencing an economic crisis, to regain financial independence more quickly by eliminating the requirement that the family reduce its assets to \$2,000 prior to becoming eligible to receive CalWORKs benefits. DPSS further notes that eliminating the vehicle asset limit would help ensure that CalWORKs families have reliable transportation to travel to work or school, attend training, and to take children to child care and thereby increase the ability of these families to sustain employment and become self-sufficient.

The Department of Public Social Services and this office support AB 1058. Support for this measure is consistent with existing policies to support proposals to exempt the full value of one vehicle per household and/or a greater portion of the vehicle's value from the CalWORKs asset limit to ensure that clients have reliable transportation, and to seek legislation to modify the current asset or income eligibility limits for CalWORKs. Therefore, **the Sacramento advocates will support AB 1058.**

AB 1058 passed the Assembly Floor by a vote of 48 to 30, on June 3, 2009, and now proceeds to the Senate. The bill is sponsored by the New America Foundation, and supported by the Catholic Charities of California, California Conference of Bishops, California Commission on the Status of Women, County Welfare Directors Association, and California State Association of Counties. There is no registered opposition on file.

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### **Status of County-Advocacy Legislation**

**County-supported AB 682 (Lowenthal)** which, as amended on June 1, 2009, would require CDSS to evaluate implementation of provisions intended to combat fraud in the In-Home Supportive Services Program and to provide a report to the Legislature with recommendations to strengthen those provisions, if funds are appropriated in the State Budget, passed the Assembly Floor by a vote of 49 to 28, on June 3, 2009. The bill now proceeds to the Senate.

**County-supported AB 719 (Lowenthal)** which, as introduced on February 26, 2009, would establish the 12-month Transitional Food Stamps for Foster Youth Program, passed the Assembly Floor by a vote of 75 to 0, on June 1, 2009. The bill now proceeds to the Senate.

**County-opposed AB 1048 (Torrico)** which, as amended on June 1, 2009, would increase the age at which an infant can be surrendered from 72 hours to 30 days, passed the Assembly Floor by a vote of 67 to 9, on June 3, 2009. The amendments delete provisions which would have required the State to convene a workgroup to develop regulations to clarify rules with respect to a mother who gives up her baby in a hospital and which would have allowed the use of State Children's Trust and Proposition 10 Commission funds to fund activities required by AB 1048. The bill now proceeds to the Senate.

**County-supported SB 797 (Pavley)** which, as introduced on February 27, 2009, would enact the Toxin-Free Toddlers and Babies Act to prohibit the commercial manufacture, sale, or distribution of any bottle or cup, or any liquid, food, or beverage in a can or jar containing Bisphenol A, passed the Senate on June 2, 2009, by a vote of 21 to 16, and now proceeds to the Assembly.

We will continue to keep you advised.

WTF:GK  
MAL:MR:IGEA:sb

### **Attachment**

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association

**ESTIMATED IMPACT TO LOS ANGELES COUNTY  
FROM THE GOVERNOR'S FY 2009-10 MAY REVISION**

<b>Programs:</b>	<b>FY 2008-09 and FY 2009-10 State Budget Cuts <sup>(1)</sup></b>	<b>5/15/09 - May Revision Budget Proposals w/Contingency Plan</b>	<b>5/26/09 - May Revision Additional Budget Cuts (\$5.56 Billion instead of RAWs)</b>	<b>5/29/09 - May Revision Additional Budget Cuts (\$2.6 Billion in Add'l Cuts)</b>	<b>Total Potential County Losses thru June 30, 2010</b>
<u><b>Health</b></u>					
Medi-Cal Provider and Managed Care Rates	(\$8,738,000)	0	0	0	(\$8,738,000)
Federal Safety Net Care Pool Payments	(14,400,000)	0	0	0	(14,400,000)
South Los Angeles Preservation Fund	(10,000,000)	0	0	0	(10,000,000)
California Healthcare for Indigents Program	(5,300,000)	0	0	0	(5,300,000)
Medi-Cal Eligibility for Legal Immigrants	0	(1,100,000)	0	0	(1,100,000)
Medi-Cal Optional Benefits Reductions	(5,600,000)	0	0	0	(5,600,000)
Elimination of the Healthy Families Program	0	0	(1,500,000)	0	(1,500,000)
<u><b>Public Health</b></u>					
HIV/AIDS Treatment and Prevention	(1,200,000)	(4,200,000)	(1,690,000)	0	(7,090,000)
Family and Health Programs	(202,000)	0	0	0	(202,000)
Alcohol and Other Drug Programs/Drug Medi-Cal Program	(6,400,000)	(3,900,000)	0	0	(10,300,000)
Proposition 36 Program/Offender Treatment Program	(3,049,000)	(27,000,000)	0	0	(30,049,000)
Immunization Program	(81,000)	0	0	0	(81,000)
Drug Court Programs	(626,000)	0	0	0	(626,000)
Perinatal Substance Abuse Treatment Programs	(610,000)	0	0	0	(610,000)
Other Non-Medi-Cal Drug Programs	(180,000)	0	0	0	(180,000)
Maternal, Child and Adolescent Health Program Reductions	0	0	(1,366,000)	0	(1,366,000)
CalWORKs Substance Abuse Programs Funding Loss	0	0	(16,400,000)	0	(16,400,000)
<u><b>Mental Health</b></u>					
Mental Health Managed Care Program	(3,800,000)	0	(21,000,000)	0	(24,800,000)
Institutes for Mental Disease	(6,300,000)	0	0	0	(6,300,000)
Mental Health Services Act (Proposition 63) Funds	(64,400,000)	64,400,000 <sup>(2)</sup>	0	0	0
Reduce Early Periodic Screening, Diagnosis and Treatment funds	0	0	(7,000,000)	0	(7,000,000)
Elimination of the Healthy Families Program	0	0	(10,000,000)	0	(10,000,000)
CalWORKs Mental Health Services Funding Loss	0	0	(24,400,000)	0	(24,400,000)
Deferral of AB 3632 Program Payments	0	0	0	(12,400,000)	(12,400,000)
<u><b>Social Services</b></u>					
Adult Protective Services Administration	(2,600,000)	0	0	0	(2,600,000)
Medi-Cal Program Administration - Cost-of-Doing-Business	(48,800,000)	0	0	0	(48,800,000)
In-Home Supportive Services (IHSS) Administration	(5,100,000)	0	0	0	(5,100,000)
Reduced State Participation in IHSS Wages	0	26,100,000 <sup>(4)</sup>	0	0	26,100,000
IHSS Program - Reduction of Recipient Services	0	69,700,000 <sup>(5)</sup>	0	130,300,000	200,000,000
Food Stamps Administration	(6,900,000)	0	0	0	(6,900,000)
CalWORKs Program Elimination	0	(27,200,000) <sup>(6)</sup>	(389,800,000) <sup>(6)</sup>	0	(417,000,000) <sup>(6)</sup>
CalWORKs Single Allocation Funding Loss	(17,600,000)	0	(585,200,000)	0	(602,800,000)
Cash Assistance Program for Immigrants (CAPI) <sup>(3)</sup>	0	(10,300,000) <sup>(7)</sup>	0	0	(10,300,000)
Child Welfare Services Administration <sup>(3)</sup>	0	(14,300,000)	0	0	(14,300,000)
Provider Rate Reductions	0	13,400,000	0	0	13,400,000
Redirection of County Social Services Realignment Funds	0	0	0	(234,706,000) <sup>(8)</sup>	(234,706,000) <sup>(8)</sup>
Elimination of Community Based Services Programs	0	0	(1,100,000)	0	(1,100,000)
<u><b>Justice and Public Safety</b></u>					
Juvenile Probation and Camp Funding	(8,476,000)	0	0	0	(8,476,000)
Juvenile Justice Crime Prevention Act (JJCPA) Program	(3,492,000)	0	0	0	(3,492,000)
Citizens Option for Public Safety (COPS) Program	(1,051,000)	0	0	0	(1,051,000)
<u><b>General Government</b></u>					
Delay of Deferred Mandate Payments	(28,000,000)	0	0	0	(28,000,000)
Suspension of SB 90 Mandate Claims	0	0	0	(16,853,000) <sup>(9)</sup>	(16,853,000) <sup>(9)</sup>
Public Library Fund	(182,000)	0	0	0	(182,000)
Subventions for Open Space (Williamson Act)	(4,000)	(36,000)	0	0	(40,000)
Reduction of Local Share of Gasoline Taxes - Public Works	0	0	(109,000,000) <sup>(10)</sup>	0	(109,000,000) <sup>(10)</sup>
<b>Total</b>	<b>(\$253,091,000)</b>	<b>\$85,564,000</b>	<b>(\$1,168,456,000)</b>	<b>(\$133,659,000)</b>	<b>(\$1,469,642,000)</b>

Notes:

- (1) Reflects budget reductions the County experienced when the FY 2008-09 and FY 2009-10 State Budget Acts were enacted in February 2009.
- (2) Reflects savings as a result of voters rejecting Proposition 1E which would have redirected Mental Health Services Act (Prop. 63) monies to fund State mental health costs.
- (3) May Revision proposals affecting social services programs assume an effective date of October 1, 2009.
- (4) Estimate reflects savings from reducing IHSS provider wages in the County to the minimum wage. If the County maintains current wage, Net County Cost would increase by \$40.7 million in FY 2009-10.
- (5) Proposal would result in net County cost savings because of reduced recipient services.
- (6) Estimate assumes 50% of CalWORKs recipients apply for and are determined eligible for the County's General Relief Program.
- (7) Estimate assumes 100% of CAPI recipients apply for and are determined eligible for the County's General Relief Program.
- (8) Reflects redirection of anticipated Sales Tax Realignment revenue savings from the elimination of the CalWORKs and IHSS Programs to fund increased share of County costs for Child Welfare and Foster Care.
- (9) Estimate is based on FY 2007-08 SB 90 Mandate Claim amounts excluding the Sheriff's Department and the District Attorney claims.
- (10) Loss of local share of gasoline taxes would result in a loss of an additional \$82 million in FY 2010-11.

*This table represents the estimated loss/gain of State funds based upon the FY 2008-09 and FY 2009-10 Adopted Budgets, and the May Revision Budget proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.*